



SF 2145 – Motor Vehicle Registration Fee Changes (LSB 5410SV)

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Fiscal Note Version – New

Description

Senate File 2145 amends existing Code provisions to make all multipurpose vehicles (MPVs) subject to weight and value registration under Code Section 321.109. This will effectively reduce the annual fee from \$55 to \$50. Currently, the registration fee for these vehicles is \$55 under the flat fee schedule in Code Section 321.124 that applies for a 1992 model year or older MPV. The Bill eliminates the flat fee schedule in Code Section 321.124.

The Bill amends Code Section 321.109(1)(b) to extend the \$60 registration fee for a vehicle with permanently installed disability equipment to 2009 and older trucks that have a combined gross weight (CGW) of 10,000 pounds or less (these are generally 3 and 4 ton pick-up trucks) and trucks registered as business-trade trucks that are otherwise subject to a fee based on the CGW of the vehicle or combination of vehicles under Code Section 321.122, and to lessees of specified vehicles as well as owners.

Background

Multipurpose Vehicles (MPVs) - Under Code Section 321.109, a flat fee schedule applies for 1992 model year and older MPVs, and fees based on weight and value apply for 1993 and subsequent model year MPVs. Under the flat fee schedule, the annual fee is \$55, but under the weight and value system, the annual fee is \$50 for a 1993 or subsequent model year MPV that is 12 model years old or older. According to the Department of Transportation (DOT), the result is an inconsistent fee structure, with older MPVs paying higher registration fees than newer ones.

Trucks 10,000 pounds or less with disability equipment - Currently the \$60 registration fee applies only to 2010 and subsequent model year trucks with a CGW of 10,000 pounds or less and to eligible vehicles that are owned (not leased vehicles).

For all vehicle registrations, 4.0% of the fee is deposited in counties' general funds, in accordance with Code Section 321.152. The remaining 96.0% of the revenue is deposited in the TIME-21 Fund that receives vehicle registration fees once \$392.0 million from motor vehicle registrations is reached for deposit in the Road Use Tax Fund. For FY 2011, estimated revenue for the TIME-21 Fund is \$89.7 million, and of that, \$70.5 million is estimated to be motor vehicle registrations.

Assumptions

- Currently, there are 42,050 registered MPVs that are 1992 and older that pay \$55. For estimating purposes, it is assumed all of these MPVs will register at the lower fee of \$50.
- Currently, there are 1,170 MPVs that have disability equipment and are registered at the reduced fee of \$60. These specially-equipped MPVs represent 0.16% of all MPVs.
- There are 42,657 trucks that would be eligible to register at the reduced \$60 fee because their annual fee is presently higher under Code Section 321.122. According to DOT, the

average fee for these trucks is \$157.50. For estimating a potential impact, it was assumed that the same percentage, or 0.16%, of the specified trucks would be registered at the “specially equipped” fee as MPVs. The average fee of \$157.50 was used for estimating potential revenue loss.

- It is unknown how many leased vehicles would register under the new fee, so no estimate is reflected here.
- It is assumed that revenue loss may increase over time as previously grandfathered trucks paying \$65 or less must pay the new fees that went into effect on January 1, 2009, per SF 2420 (TIME-21 Transportation Funding Act), and would opt to register at the reduced fee if eligible. It is unknown how many trucks this could be so an estimate cannot be determined.

Fiscal Impact

Type of Vehicle	<u>Current Law - Fee \$55.0</u>	<u>Proposed Law - Fee \$50.0</u>	<u>Difference</u>
MPVs 1992 and older	\$2,312,750	\$2,102,500	-\$210,250
	<u>Current Law - Avg Fee \$157.5</u>	<u>Proposed Law - Fee \$60.0</u>	
Trucks CGW 10,000 or less w/special disability equipment	\$10,414	\$3,967	-\$6,447
	Total Decrease in Registration Fees		<u>-\$216,697</u>
	Loss to TIME-21 Fund		-\$208,029
	Loss to counties' general funds		-\$8,668

For the 42,050 currently registered multi-purpose vehicles that are 1992 and older, reducing the fee to \$50 for all of them would be a total revenue loss of \$210,250.

If 0.16% of the eligible trucks register at the reduced annual fee of \$60 compared to the average fee of \$157.50, the total revenue loss would be \$6,450.

Therefore, the fiscal impact for the SF 2145 is a decrease of \$216,700 in total revenue that results in a loss of \$208,000 to the TIME-21 Fund and \$8,700 to the counties' general funds.

Sources

Department of Transportation

/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.